

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA
INFO AMCONSUL VANCOUVE POUCH

C O N F I D E N T I A L STATE 126435

E.O. 11652: GDS

TAGS: ELAB, CA

SUBJECT: HIRING OF US RESIDENTS ON THE SHAKWAK PROJECT

REF: EUR/CAN MEMO MARCH 19, 1978

1. IN RESPONSE TO THE DEPARTMENT'S INITIATIVE OUTLINED IN
REF MEMO, CANADIAN AIDE MEMOIRE DATED MAY 3, (BEING
POUCHED) INDICATES THAT GOC BELIEVES IT IS NOT RPT NOT
UNDER ANY OBLIGATION TO "ENSURE EQUAL EMPLOYMENT OPPOR-
TUNITIES ON THIS PORJECT FOR RESIDENTS OF THE US AND
CANADA". DURING SUBSEQUENT CONVERSATION, CANADIAN EMBOFF
MADE CLEAR THAT THE GOC INTENDS TO APPLY ITS PRESENT STRICT
IMMIGRATION REGULATIONS IN PROCESSING NON-CANADIANS SEEKING
ENTRY TO WORK IN CANADA. THUS, IF QUALIFIED CANADIANS WERE
AVAILABLE TO FILL A GIVEN VACANCY, WORK PERMITS WOULD BE
DENIED. EMBOFF ADDED, HOWEVER, THAT THESE REGULATIONS
WOULD NOT BE APPLIED SO STRINGENTLY AS TO INTERFERE WITH
THE FULFILLMENT OF CANADIAN OBLIGATIONS UNDER THE 1977
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AGREEMENT TO ENSURE THAT US AND CANADIAN CONTRACTORS HAD
EQUAL OPPORTUNITY TO BID ON THE PROJECT. GOC ALSO EXPRES-
SED WILLINGNESS TO CONSULT ON WAYS AND MEANS OF MEETING US
CONCERNS AS FAR AS POSSIBLE WITHIN THE TERMS OF THE
AGREEMENT.

2. IN OUR REVIEW OF THE NEGOTIATING HISTORY OF 1977 AGREE-

MENT AND PREVIOUS ALCAN HIGHWAY AGREEMENT, WE FOUND A SIGNIFICANT PRECEDENT FOR NONDISCRIMINATORY TREATMENT AND FACILITATION OF ENTRY OF AMERICANS PARTICULARLY IN THE ORIGINAL 1942 AGREEMENT. IN TECHNICAL LEGAL TERMS, HOWEVER, THE REFERENCE TO THE 1942 AGREEMENT IN THE JANUARY 1977 EXCHANGE OF NOTES IS OF ARGUABLE APPLICATION TO THE PRESENT ISSUE, SINCE THE CONSTRUCTION AND MAINTENANCE PROVISIONS OF THE EARLIER AGREEMENT WERE APPARENTLY FULLY EXECUTED AFTER THE END OF WORLD WAR II. THE CONTINUING OBLIGATIONS MENTIONED IN THE 1977 AGREEMENT CONCERN THE "STATUS AND USE" OF THE ALASKA HIGHWAY. NONETHELESS, WE VIEW THE PRECEDENT AS AN IMPORTANT ONE AND PRESENTING US WITH A STRONG TALKING POINT.

3. PRACTICAL CONSIDERATION OF MAINTAINING CONGRESSIONAL SUPPORT FOR THIS \$200 MILLION PROJECT ARGUES THAT SOME GOC FLEXIBILITY IN PROVIDING US RESIDENTS WITH EMPLOYMENT OPPORTUNITIES ON THE PROJECT WOULD BE IN BOTH GOVERNMENTS' INTERESTS. AT PRESENT CONGRESS HAS AUTHORIZED \$58 MILLION FOR THE PROJECT WITH ONLY \$19 MILLION THUS FAR APPROPRIATED. PUBLIC AWARENESS THAT US RESIDENTS ARE BEING DENIED ACCESS TO JOBS ON A PROJECT COMPLETELY FUNDED BY USG COULD, IN THE OPINION OF FEDERAL HIGHWAY ADMINISTRATION (FHWA) OFFICIALS, COMPLICATE ALREADY UNCERTAIN FUNDING PROCESS. JOB OPPORTUNITIES FOR US RESIDENTS OF HAINES, ALASKA, ARE PARTICULARLY SENSITIVE IN THIS CONTEXT.

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4. PRESENT THINKING HERE IS THAT WE WILL BEGIN CONSULTATIONS BY ARGUING FOR FULL EQUIVALENCE OF TREATMENT FOR AMERICANS. IN ANY EVENT, GIVEN GEOGRAPHIC REALITIES, WE WOULD EXPECT THAT NO MORE THAN 30 PERCENT OF THE WORK COULD BE ACCOUNTED FOR BY US CONTRACTORS AND WORKERS. INDEED, SUCCESSFUL US BIDDERS WOULD PROBABLY FIND THAT ECONOMICS FAVORED THE HIRING OF CANADIAN WORKERS IN MOST CASES. AT A MINIMUM, HOWEVER, WE WOULD SEEK TO ENSURE THAT CANADIANS GUARANTEE THAT KEY PERSONNEL OF SUCCESSFUL US BIDDERS COULD ENTER CANADA (THIS WOULD INVOLVE FROM 10-12 PEOPLE PER CONTRACTOR) AND THAT SOME PROVISION BE MADE FOR AMERICANS LIVING IN THE VICINITY OF THE PROJECT.

5. WE HAVE SCHEDULED TALKS IN OTTAWA ON MAY 19. VANCE

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